

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 FEA-01 ERDA-05
AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01
H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
PA-01 PRS-01 /120 W

-----190517 098764 /20

R 181718Z FEB 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 2878

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY OTTAWA

AMEMBASSY TRIPOLI

AMEMBASSY KUWAIT

C O N F I D E N T I A L ROME 2727

E.O. 11652: GDS

TAGS: ENRG, IT, EC

SUBJECT: ITALY PROPOSES THAT EC MOVE TO SAFEGUARD PETROCHEMICAL
INVESTMENT

1. FOR SOME TIME, GOI HAS BEEN CONCERNED THAT DEVELOPMENT OF
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PRODUCING COUNTRY REFINING CAPACITY COULD THREATEN LARGE ITALIAN
INVESTMENTS IN REFINING AND BASIC PETROLCHEMICAL INDUSTRY.
ACCORDING TO MINISTRY OF INDUSTRY OFFICIAL, THESE CONCERNS HAVE
LED GOI TO PRESENT OFFICIAL GOI NOTE TO EC OFFICIALS DURING WEEK
OF FEB. 14.

2. BEGINNING FROM PREMISE THAT MINIMUM SAFEGUARD PRICE (MSP)

FOR PETROLEUM IS INSUFFICIENT TO PROTECT BULK INVESTMENT IN CRUDE OIL PRODUCTION, REFINING AND IN PRIMARY AND INTERMEDIATE PETRO-CHEMICAL PRODUCTION, FACILITIES, GOI INDICATES THAT MEASURES TO BE TAKEN SHOULD: (A) PRODUCTION: SAFEGUARD INVESTMENTS IN EXPLORATION AND PRODUCTION WITHIN EC BY GUARANTEEING MINIMUM CRUDE PRICES; (B) REFINING: SELF-LIMIT INVESTMENTS IN NEW CAPACITY AND PHASE OUT OBSOLETE REFINERIES. MEASURES WOULD ALSO BE TAKEN TO PROTECT INTRA-EC PRICES OF PRODUCTS REFINED IN THE EC AND TO RESTRICT ENTRY OF PRODUCTS PROCESSED OUTSIDE THE EC; (C) PRIMARY AND INTERMEDIATE PETROCHEMICALS: GOI DOES NOT IDENTIFY ANY IMMEDIATE PROBLEM BUT OBSERVES THAT EC PRODUCTION MAY NEED PROTECTION IN 1980S WHEN PRODUCTS BEGIN TO BE PRODUCED IN AREAS WHERE RAW MATERIALS COSTS ARE NEGLIGIBLE; AND (D) CHEMICAL INTERMEDIATES: SYNTHETIC FIBERS MAY NEED EVENTUAL EC PROTECTION.

3. PRELIMINARY STEPS CALLED FOR BY GOI NOTE INCLUDE (A) FORECAST CRUDE PRODUCTION AND CONSUMPTION, PRODUCT CONSUMPTION (INCLUDING EXPORTS), AND LIKELIHOOD THAT PRICE WOULD FALL BELOW (UNSPECIFIED) THRESHOLD; (B) DEFINE REFINERY RECONVERSION AND INVESTMENT PROGRAMS; (C) DEFINE PROTECTIVE MECHANISMS FOR PETRO-CHEMICAL AND PETROLEUM PRODUCTS AGAINST DUMPING; (D) HARMONIZE FINANCIAL AND FISCAL REGULATIONS AND (E) DEFINE NORMS TO DEFEND COMPETITIVENESS OF EC PRODUCTS WITHIN EC AND TO INSURE AGAINST THE FORMATION OF CARTELS.

4. TO PERFORM ABOVE, GOI SUGGESTS THAT MINIMUM NECESSARY WOULD BE DEFINITION AND ACCEPTANCE OF RULES OF BEHAVIOR AT LEVEL OF ENERGY MINISTERS; AT MAXIMUM, GOI WOULD SEE THE ESTABLISHMENT OF A FOURTH EUROPEAN COMMUNITY, SIMILAR TO EUROPEAN COAL AND STEEL

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COMMUNITY BUT IN ENERGY AREA. GOI NOTE OBSERVES THAT LATTER STEP WOULD INVOLVE NATIONAL GOVERNMENTS AND PARLIAMENTS.

5. SOURCE DID NOT RPT NOT MENTION WHAT IF ANY REACTION WAS GENERATED BY PROPOSAL. COPY OF GOI NOTE BEING POUCHED US MISSION EC AND DEPARTMENT.BEAUDRY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, PETROLEUM PRODUCTS, INVESTMENT CONTROLS, REFINING, CHEMICALS
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME02727
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770059-0777
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770227/aaaaaxna.tel
Line Count: 103
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Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bd957cc4-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
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Review Date: 21-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3280337
Secure: OPEN
Status: NATIVE
Subject: ITALY PROPOSES THAT EC MOVE TO SAFEGUARD PETROCHEMICAL INVESTMENT
TAGS: ENRG, IT, EEC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/bd957cc4-c288-dd11-92da-001cc4696bcc
Review Markings:
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